

May 5, 2006

Honorable Duncan Hunter  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed table showing a preliminary estimate of the direct spending and revenue effects of H.R. 5122, the National Defense Authorization Act for Fiscal Year 2007, as approved by the Committee on Armed Services on May 3, 2006. CBO's complete cost estimate for H.R. 5122, including the discretionary costs of the bill, will be provided shortly.

H.R. 5122 would affect direct spending for several defense programs, such as death gratuity benefits, the TRICARE pharmacy program, the acquisition of military facilities, and the sale of assets from the National Defense Stockpile. Enacting the bill also would affect federal revenues, beginning in 2010.

Based on the legislative language for H.R. 5122 that was provided to CBO on May 5, 2006, CBO estimates that enacting this bill would increase direct spending by \$12 million in 2007, reduce direct spending by \$10 million over the 2007-2011 period, and increase direct spending by \$1 million over the 2007-2016 period. We estimate that enacting the bill would reduce revenues by \$3 million over the 2010-2011 period and by \$21 million over the 2010-2016 period. For the purposes of this estimate, we assume that H.R. 5122 will be enacted early in fiscal year 2007.

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If you wish further details on this estimate, we will be happy to provide them.  
The CBO staff contact is Kent Christensen.

Sincerely,

A handwritten signature in black ink that reads "Donald B. Marron". The signature is written in a cursive style with a large, stylized "D" and a long, sweeping underline.

Donald B. Marron  
Acting Director

Enclosure

cc: Honorable Ike Skelton  
Ranking Member

